

5. EXTRACT FROM THE AUDITED FINANCIAL STATEMENTS

SUPERANNUATION ADJUSTMENT FUND Established under the Superannuation Adjustment Benefits Act, 1975 Statement of Superannuation Adjustment Fund Account Teachers' Superannuation Plan for the year ended March 31, 1977

	1977 \$	1976 \$
Balance in Fund Account, on deposit with the Treasurer of Ontario, beginning of year	18,886,056	—
RECEIPTS		
Contributions		
Employees	19,428,679	8,796,125
Employees teaching in designated private schools	1,176,005**	845,537
	20,604,684	9,641,662
Province of Ontario	19,403,295	8,792,471
Payment by the Province for employees on Long Term Income Protection	15,871	5,037
	19,419,166	8,797,508
Interest earnings:		
On balances credited the Fund Account during 1975-76	1,922,601	449,291
On balances credited the Fund Account during 1976-77	1,913,998	—
	3,836,599	449,291
	62,746,505	18,888,461
DISBURSEMENTS		
Allowances to superannuates, beneficiaries and annuitants	86,484	651
Refunds of contributions and interest	277,901	1,754
	364,385	2,405
Balance in Fund Account, on deposit with the Treasurer of Ontario, end of year	62,382,120***	18,886,056

*The Provincial Auditor has expressed an unqualified opinion on the audited financial statements of the Superannuation Adjustment Fund.

**This amount includes the contributions of the employees and the matching contributions by the employing designated private schools.

***Pursuant to recommendations of the Review Committee fixed term deposits have been made as follows:

Order-in-Council	Amount	Interest Rate	Maturity
1116/76	\$18,886,056.11	10.18%	March 31, 1991
1143/77	43,496,064.10	9.61	March 31, 1992

6. MEMBERS OF THE COMMITTEE

Government Representatives

T. G. Hills, Chairman
J. E. Fisher
J. M. McConnell
A. T. Shelley

Teacher Representatives

R. R. Andrew, Chairman
J. J. Carey
D. F. McArthur
A. Murray

7. ACKNOWLEDGEMENTS

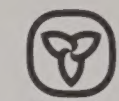
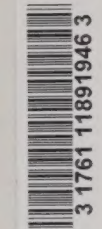
The Committee acknowledges with appreciation the assistance which has been received throughout the year from Mr. R. G. Buck and Mr. J. R. Causley.

8. COMMUNICATIONS

Communications may be addressed to Mr. J. R. Causley, Director, Teachers' Superannuation Commission, 190 Finch Avenue West, Willowdale, Ontario M2R 1M4, Telephone (416) 226-2700, who will arrange for them to be forwarded to the appropriate people for reply.

When corresponding with the Commission concerning a personal entitlement, the teacher must quote his/her social insurance number in order to obtain information.

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Report of the Review Committee

Teachers' Superannuation Adjustment Fund Account

for the year ended March 31, 1977

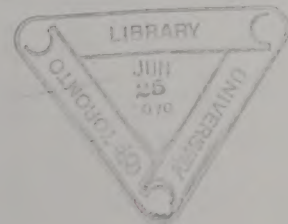
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1. PREAMBLE:

The Superannuation Adjustment Fund was established under the Superannuation Adjustment Benefits Act, July 1975 of the Legislative Assembly of Ontario.

- Matching contributions have been made to the Teachers' Superannuation Adjustment Fund Account by teachers and the Government since September 1975.
- The Fund provides superannuation escalation benefits to teachers who retire on or after September 1, 1975. (The Government continues to bear the full cost of escalation to teachers who retired prior to September 1, 1975).
- The teachers and the Government each contribute 1% of salary. This rate of contribution is to remain unchanged until January 1, 1981.
- Any decision to change the rate of contribution at that time will depend on many factors, including the:
 - i) rate of inflation
 - ii) number of contributors and their salary levels
 - iii) rate of return on investment
- The Superannuation Adjustment Fund Account differs from the Teachers' Superannuation Fund in that the Adjustment Fund benefits are not guaranteed by the Government.



2. NATURE OF THE REVIEW COMMITTEE

A Review Committee has been established to monitor the Adjustment Fund Account closely. The terms of reference of the Committee are to:

- facilitate communications between the Ontario Teachers' Federation and the Government of Ontario respecting the monitoring of the Adjustment Fund Account;
- receive and consider annually the report of member and Government of Ontario contributions to the Adjustment Fund Account, together with estimates of future contributions;
- consider annually an actuarial report showing the benefits paid to date, accompanied by an estimate of future benefits to be paid;
- make recommendations with respect to the term of investment of the Adjustment Fund Account monies;
- receive and consider annually a report of the investments and net value of the Adjustment Fund Account together with the estimated future investments and net value figures;
- make recommendations respecting future contributions to, and benefits payable from, the Adjustment Fund Account; and
- consider and make recommendations on any other subject related to the Adjustment Fund Account as may be agreed upon between the Government of Ontario and the Ontario Teachers' Federation.

The Review Committee is made up of 4 teacher representatives and 4 government representatives. The Chairmanship of the Committee alternates between a teacher representative and a government representative.

The Committee has met twice since the September 1976 Report of the Review Committee.

3. CURRENT CASH FLOW PROJECTIONS

While a statement of Receipts and Disbursements with relevant Notes is presented elsewhere in this Report, an important factor is the cash flow of the Fund. It should be noted that the cash flow data will be reviewed annually by the Committee. The following tables display estimated cash flow based upon the present rate of contributions and using variable assumptions:

TABLE I

Assuming:

- sustained 8% inflation
- 8% return on investment (currently 9.78%)
- zero growth in contributors

Year*	\$ MILLIONS		
	Contributions Received	Benefits Paid	Balance in Fund
1980	52.3	15.8	253.2
1985	76.8	75.7	495.3
1990	109.4	221.0	414.9
1995	157.8	536.8	-908.7

TABLE II

Assuming:

- 8% inflation to 1980 and 5% thereafter
- 8% return on investment (currently 9.78%)
- approximately 0.9% growth annually in contributors

Year*	\$ MILLIONS		
	Contributions Received	Benefits Paid	Balance in Fund
1980	53.9	15.9	257.5
1985	73.7	51.5	573.2
1990	96.7	128.99	825.9
1995	129.1	278.05	643.4

*These are purely representative years at 5 year intervals and are taken from detailed actuarial projections presented at the February 16th, 1977, Review Committee Meeting, in accordance with the Committee's terms of reference.

4. HISTORICAL RECORD OF THE CONSUMER PRICE INDEX

The annual rate of inflation is a key determinant of the future assets of the Adjustment Fund Account. A sixty-four year historical record of the Canadian Consumer Price Index follows:

CONSUMER PRICE INDEX FOR CANADA (1971 = 100)*

Year	Index	% Change Since Preceding Year	Year	Index	% Change Since Preceding Year
1913	28.7	—	1945	43.5	0.5
1914	28.9	0.7	1946	45.0	3.4
1915	29.4	1.7	1947	49.2	9.3
1916	31.9	8.5	1948	56.3	14.4
1917	37.7	18.2	1949	58.0	3.0
1918	42.7	13.3	1950	59.7	2.9
1919	46.9	9.8	1951	66.0	10.6
1920	54.3	15.8	1952	67.6	2.4
1921	47.8	-12.0	1953	67.0	-0.9
1922	43.8	-8.4	1954	67.4	0.6
1923	43.9	0.2	1955	67.5	0.1
1924	43.1	-1.8	1956	68.5	1.5
1925	43.5	0.9	1957	70.7	3.2
1926	44.0	1.1	1958	72.6	2.7
1927	43.3	-1.6	1959	73.4	1.1
1928	43.4	0.2	1960	74.3	1.2
1929	43.9	1.2	1961	75.0	0.9
1930	43.6	-0.7	1962	75.9	1.2
1931	39.4	-9.6	1963	77.2	1.7
1932	35.8	-9.1	1964	78.6	1.8
1933	34.0	-5.0	1965	80.5	2.4
1934	34.6	1.8	1966	83.5	3.7
1935	34.8	0.6	1967	86.5	3.6
1936	35.5	2.0	1968	90.0	4.0
1937	36.6	3.1	1969	94.1	4.6
1938	37.0	1.1	1970	97.2	3.3
1939	36.7	-0.8	1971	100.0	2.9
1940	38.2	4.1	1972	104.8	4.8
1941	40.4	5.8	1973	112.7	7.5
1942	42.3	4.7	1974	125.0	10.9
1943	43.0	1.7	1975	138.5	10.8
1944	43.3	0.7	1976	148.9	7.5

Average rate of inflation 1913-1976 = 2.648%

*Source Statistics Canada